

Change Request Presentation to ITAC



Our Mission

The mission of the Arizona Department of Education is to serve Arizona's education community, ensuring every child has access to an excellent education.

Arizona Superintendent of Public Instruction
Kathy Hoffman

Project Name

ED19002 - AELAS School Finance Payment Systems

August 19, 2020

Accelerated Plan and Change Request

ADE Introductions

- Whitney Marsh - Deputy Chief of Staff
- Lyle Friesen – Associate Superintendent, School Finance
- Satish Pattisapu – Chief Information Officer
- Britto Augustine – Chief Technology Officer
- Cathy Beck – IT Program Manager
- Nan Nesvig – IT Project Manager

Project Overview

- ADE School Finance is responsible for processing student data and calculating approximately \$6 billion per year in state aid funding to school districts and charter schools in Arizona.
- The current business process is built around an unsupported legacy technology platform that is a collection of web and desktop applications, Excel spreadsheets and manual calculations, which are processing the payment streams.
- The goal of the School Finance Payment System project is to streamline the various payment processes under a unified system that is automated, accurate, auditable, transparent and maintainable.

Original Plan

In January, ITAC reviewed and approved Phase I of a three-year project schedule to begin in February 2020 and complete in June 2023. The funding for the PIJ was approved for Phase I of the following three-phased approach:

- Phase I - Year 1: Payments to charters (CHAR) and any common components (used by both charters and districts).
- Phase II - Year 2: Payments to school districts only (APOR), Department of Corrections, Department of Juvenile Corrections, county jails and county juvenile detention centers.
- Phase III - Year 3: Budget and expenditure (Budget/AFR) system with reporting.

Phase I \$3,000,000 approved; Entire plan \$9,000,000; *Spent as of June 30, 2020 - \$608,039*

Phase I Progress

Current Focus of the Program

To modernize Phase 1, known as “Charter Schools Payment Software” or “CHAR,” of a three-phased project that supports \$6B in state aid payments.

Snapshot of Work to Date: Requirements & Development

- ADE has completed the business requirements for Phase 1 and additionally completed common requirements that support charters and districts.
- The Business Requirements Document was provided to the Document Review & Approval Committee and approved on June 16, 2020.
- The ADE IT Team completed the final version of the CHAR functional requirements on Friday, July 31, 2020.
- Began Data Inputs and Calculations development on June 1, 2020 with Configurations and Reports started in July 2020.
- The Conceptual and Logical Data Models have been submitted to the Technical Advisors on July 24, 2020.
- The SDLC, Change Management process and the Software Development Standards documents were provided to the Technical Advisors for review on July 31, 2020.
- Version 2 of the Communications Plan was published July 29, 2020.
- In collaboration with ASET, ADE developed and completed the Acceleration Plan for APOR/CHAR/AFR-Budget.

PIJ Condition #4

Once discovery for escalated Phase 2 and 3 efforts are complete and a determination on how to best implement the remainder of the project; ADE shall return to ITAC and request approval for the remainder of the project.

In response to this requirement and with consideration of the current state of the project, ADE has developed a proposed Accelerated Plan (AP).

Current State

Several circumstances necessitate a change of course from the original plan:

- The APOR portion of the Legacy payment system has become progressively unreliable and is experiencing extended periods of failure.
- With the addition of new layers of oversight required as conditions of this project, ADE has had to make significant adjustments to its project management and governance practices. While ADE believes these adjustments will improve productivity and transparency moving forward, the additional effort had not been accounted for in the original timeline.
- Furthermore, the COVID-19 pandemic resulted in a shortened legislative session and the passing of a fiscal year 2021 “skinny” budget that does not include the second \$3 million installment.

ADE Request for ITAC

Recognizing our current limitations, ADE acknowledges there is no room for error in estimating the time and budget it will take to complete the critical components included in Phase I as described in the AP.

Therefore, ADE is requesting a limited scope of the proposed AP Phase I be approved by ITAC:

- Phase I scope limited to the system function identified in the AP Estimate (attached) as Phase I-Part 1, subsystems CHAR and Common components, and Dev Priority 1-4.
- Complete documentation of Requirements for Phase I-Part 1, subsystems APOR, Dev Priority 5-7.

Once ADE completes this scope of work, ADE will return to ITAC for a change request to add remainder of Phase I-Part 2 scope before the end of the project timeline.

Summary of the Proposed Accelerated Plan

Note: As compared to the original plan, the proposed plan is not shorter, but escalates APOR development and focuses on the “must have” features of both payment systems.

- Phase I - Implement the “must have” features of School Finance Payment System for school districts and charters (APOR/CHAR).
- Phase II – APOR/CHAR “should have 1” items; Budget/AFR & Miscellaneous “must have” items.
- Phase III – Remainder of “should have 1” and “should have 2” items.

There are no changes in overall financials and see details available in the 4.6 Budget section of AP

Goal of the Proposed Accelerated Plan: Eliminate Legacy System & Manual Processes

- At the end of Phase I, APOR/CHAR legacy system will not be utilized for generating payments enabling retirement of that portion of the legacy system.
- At the end of Phase II, Budget/AFR legacy system will not be utilized and manual payment calculation for DOC and DOJC will be automated.
- At the end of Phase III, all the manual miscellaneous payments will be automated. In addition, all the federal reporting processes for the Budget/AFR system will be automated.

Minimal Viable Product (MVP)

To guide development of the AP, ADE defined MVP for the project. The MVP categorizes each feature of APOR and CHAR as “must have,” “should have – priority 1” or “should have – priority 2” defining each category as follows:

- **Must Have** – Any feature to replace the core capability of the existing APOR, CHAR and Budget/AFR system so it can be implemented on the modern School Finance Payment System for timely state aid payment to educational entities.
- **Should Have – Priority 1** - These are features that add significant value to the core capability of the system. These are must-haves in the long run.
- **Should Have – Priority 2** - These are features that enhances the system with capabilities to eliminate redundant data entry or file transfers from educational entities and add analytic capabilities to the payment system to make data-driven decisions.

How to Accomplish Modified Phase I

- Stop work on CHAR and Common features that are not “must have” (MVP).
- Move “must have” (MVP) APOR items priorities 5 through 7, which include only the APOR requirements, from Phase II to Phase I.
- The priority of items within a Phase are identified as 1 to 10 (1 is high). If there is any schedule slippage, these items could be moved to a future phase.
- Completion of development priorities 1 to 7 in Phase I – Part 1 will permit ADE to discontinue use of CHAR legacy system and have the APOR “must have” MVP requirements completed.

Budget Projection

Actual Spend from February through June 2020	\$ 608,039
Projected Spend for July 2020	\$ 331,933
Forecast (August through December 2020)	\$ 1,012,370
Total from February through December 2020	\$ 1,952,342

- By the end of Phase I-Part 1, there will be a balance of \$1,047,658
- ADE will return to ITAC with a plan for executing Part II in November/December 2020
- ADE will also create a more precise estimate of the budget and resources required to phase out the Legacy system by June 30, 2021.

Q & A Session